

MADRAS FERTILIZERS LIMITED

Minutes of the 48th Annual General Meeting of the Company held on Monday, September 29, 2014 at 02.30 p.m. at MFL Training Centre Auditorium (North Entrance Gate), Manali, Chennai - 600 068

Preliminaries

Shri V Muralidharan, Company Secretary, welcomed the Chairman & Managing Director, Directors and GOI/NICO Nominees and shareholders of the Company. He requested Dr. I Vijayakumar, IRS, CMD to commence the proceedings of the meeting.

CMD welcomed the Directors present on the dais Shri CMT Britto, Shri Ahmad Azmoodeh, Shri Yogesh Dingra, Presidential Nominee from Department of Fertilizers, Shri Yasin Rezazadeh, Nominee of M/s. Naftiran Intertrade Company Ltd (NICO) (Affiliate of National Iranian Oil Company), Shri V Muralidharan, Company Secretary and other shareholders and proxies attending the AGM.

During the meeting, 1558 shareholders were present personally or through proxies. CMD declared that the requisite quorum was present and called the meeting to order.

I. Notice

CMD informed the members that the Notice convening the 48th Annual General Meeting of the Company, may be taken as read with their permission.

II. Chairman's Speech:

CMD highlighted the achievements made by the Company during the financial year 2013-14. He informed that the Company Accounts was reviewed by the Comptroller and Auditor General of India, who have certified them with "NIL" comments. He also informed that this is the ninth consecutive year that CAG has cleared the Company's Accounts with "NIL" comments proving the Company's clear adherence to the statutes strictly in true letter and spirits.

He further informed that the Company's operations for the year ended with a profit of ₹ 100.04 Cr thereby indicating that the Company's upward growth trend in terms of profitability continues for this fifth consecutive year also.

CMD further stated that during the year 2013-14, MFL production has reached an all-time high of 4.87 lakh MT of Urea (100% capacity) with all-time low energy consumption of 7.386 Gcal/MT. He also stated that the main reason for the all-time achievement of best production combined with lowest energy consumption is due to efficient running of Plants coupled with due process trimmings.

CMD further stated that in respect of NPK 17-17-17 production during 2013-14, the Company has produced 44,860 MT, as against 1,00,125 MT produced previous year. He expressed that the reason for curtailing production of NPK is to avert any possible loss as the benefit of additional compensation under NBS Policy for complex fertilizers using costlier "N" from captive ammonia with Naphtha as feedstock has been extended only upto March 2012 and not continued further. He further informed that in addition to that under NBS, the subsidy for the nutrients N,P,K and S has

been reduced from 1.4.2012 and again from 1.4.2013 which has rendered the manufacture of the and NPK grades unviable. CMD further stated that the Company is pursuing with DoF for continuation of additional compensation of NPK with effect from 1.4.2012 and with the support of DoF, GoI, the Company is proposing to increase the production of NPK in the coming years.

With respect to Marketing performance, CMD proudly stated that the Company sold 5.45 lac MT of fertilizers despite the adverse seasonal conditions prevailed in South India as well as cut-throat competition in the market during 2013-14.

With regard to the Feed Stock Conversion, CMD informed that as per the government of India Directives, the Company has already initiated action for conversion of feed stock from Naphtha to Natural Gas and explored the possibilities of sourcing Natural gas either from IOCL from their proposed Ennore LNG terminal, which would become operational by 2017 or from GAIL through Kochi-Koottanad-Mangalore Bangalore pipeline through spur line from Krishnagiri, which is likely to be implemented by 2017-18 or from LNG Bharat Pvt Ltd from Krishnapatnam Port through Cryogenic road tankers.

In respect of the Corporate Social Responsibility (CSR), CMD expressed that the Company is concerned about Corporate Social Responsibility (CSR) for the upliftment of farmers and society and the Company has contributed ₹ 50 lacs to Gramin Vikas Trust, Odisha towards Relief and Rehabilitation activities in the flood affected area at Odisha. CMD further informed that apart from that ₹

25,000/- was contributed to Prime Minister's Relief Fund for Relief and Rehabilitation activities in the flood affected area of Uttarakhand.

While informing about the recent developments in BIFR, the Company has submitted a Draft Rehabilitation Scheme (DRS) to BRPSE through DoF comprising among other things waiver of outstanding loan liabilities and interest of ₹ 899.54 Cr as on 31.3.2014 payable to GOI. CMD further informed that BRPSE has sought certain clarifications on the proposal submitted by the Company and the management has also submitted its reply. CMD further stated that the meeting scheduled to be held on 30.5.2014 by BRPSE has been postponed and the date of next meeting is yet to be fixed. After approval of BRPSE, the scheme will be submitted to BIFR for its favourable orders.

CMD briefed the Future Outlook of the Company and stated that in order to ensure the revival of the Company and to help it for sustaining its operations in the years to come, the Company has drawn up a road map attaining its path of progress. The schemes of revival consist of short term, medium term and long term plans and these plans in unison will ensure the survival and growth of the company.

Further, to augment additional revenue, the Company is examining the feasibility of diversification of business by way of setting up of environmental friendly Pollution free Modern Logistic Park containing Container Freight Station, Godowns, Warehouses etc. In this regard the Consultant appointed for studying the feasibility and economics of the Modern Logistic Park has submitted a draft Detailed Project Report (DPR) which is under active examination. In

the DPR the project envisages an internal rate of return 18.15% for minimum revenue share of 7% payable to MFL. Apart from an one-time payment of ₹ 66.62 Cr as upfront premium to MFL as land lease charges, the selected operator has also to pay a minimum revenue share of ₹ 12.10 Cr every year. It is proposed to get the approval of the Board in the ensuing meeting and start the tender process for selection of the operator. Further, your company has also plans to increase the additional revenue by venturing in marketing of granulated mixtures, agrochemicals, pesticides, neem coated urea etc.

During his speech, CMD informed the members that as a part of the week long cleanliness and awareness drive, as advised by Hon'ble Prime Minister of India, the Company has embarked in a big way in educating the employees and general public on 'the concept of Clean India' by organizing cleanliness campaign in and around Plant and office premises, planting of saplings, distribution of hand bills, conducting competitions for school students. He further informed that this week long campaign will be followed by 'Swachhata Spath' (Cleanliness Pledge) on October 02, 2014, Gandhi Jayanthi Day.

While concluding his address, CMD appreciated GOI, NICO, shareholders and employees for their continued unstinted support for the successful operation of the Company.

Company Secretary, before taking up the business contained in the notice of the meeting, briefed the members about the structural

changes that are brought out in the new Companies Act, 2013 w.e.f.01.04.2014 relating to the AGM proceedings.

Company Secretary further informed the members that as a part of such changes in the Companies Act, 2013 and amendments to the Listing Agreement, the Company introduced e-voting facility for the business contained in the notice. The Company Secretary also informed the members that the said e-voting facility commenced by NSDL on 23.9.2014 (9 am) and ended on 25.9.2014 (6 pm).

Company Secretary stated the members that the Scrutinizer Shri Sankaranarayanan, Practicing Company Secretary, has given a report on the votes cast during e-voting period on 27.9.2014. Shareholders who have not exercised their votes during e-voting period may exercise their votes on the ballot papers given and drop in the ballot box provided in the hall. He further informed that the results of the physical voting made today together with votes cast during e-voting period will be consolidated and given by the Scrutinizer which will be placed in the Company's website 'www.madrasfert.nic.in' and on the website of NSDL and communicated to the Stock Exchange (NSE) within 48 hours of completion of AGM.

CS informed the members that the ordinary business and special business to be transacted in the meeting are given in page 3 of the Annual Report and the Statutory Auditor's Report and explanation of the Management on that are also available in the Annual Report (page 26 & 27) and requested the members to take note of it.

CS informed the members that they may raise any clarifications on the accounts as well as operation of the company during 2013-14. He humbly requested the members to pose their questions in a brief manner so that other shareholders also get an opportunity to raise their queries, if any. CS further requested the members to avoid repetition of the same or similar questions raised by another member. CS further seek their cooperation in this regard and informed the members that after all queries are raised by members, a consolidated reply will be given by the Directors, General Managers and Company Secretary.

At the outset Shri H S Ramakrishnan (DP ID IN 30131320770516), a member, appreciated the Company for the arrangements made to the members for attending the AGM. He requested the Company to declare dividend since the Company is performing profitably. In reply to his query, CMD informed that the Company's negative net worth due to accumulated loss as of date is ₹ 210 Cr and hence this year the Company cannot pay any dividend. CMD further stated that he hoped the Company will take 2 to 3 years for declaring dividend once the accumulated losses are wiped off. CMD further informed the member that the 1st quarter of this year the Company suffered a loss due to some untoward incidents in the Plant operations. CMD further stated that he expected the Company may end up with a profit of ₹ 80 to ₹ 90 Cr this year (2014-15). Hence the Company is requesting GOI to waive the loan and interest so that the Company can come up from the accumulated losses. Once the Company come out of accumulated loss, it can declare dividend from 2015.

Another shareholder Shri R Parasuraman (Clint ID 10175) appreciated the Company for the arrangements made for the AGM.

Shri S Gourishankar (DP ID IN30059710000096), another member, requested the Company to conduct the AGM during the August month since there are difficulties to the members for attending at a time when all the Companies are conducting the AGM at the fag-end of September.

Shri N Rajendran (DP ID IN 30039411807516), a member requested the GOI Nominee for arranging continuation of the subsidy till the conversion of feed stock to Natural Gas so that Plant operations will be continued uninterruptedly. In reply to that, the GOI Nominee expressed that the Department of Fertilizers is taking up the issue with GOI for continuation of the Subsidy.

Company Secretary requested the members to cast their votes those who have not opted voting electronically in the ballot box kept in the meeting hall and offered 10 minutes time for voting.

CONCLUSION

The Chairman once again thanked the shareholders for their continued co-operation and support. He declared the meeting as concluded.

Combined Results :

The results of the e-voting and ballot which are combined together was declared by the Scrutinizer on 1.10.2014 in respect of the

resolutions stated below: The following Ordinary Resolutions were passed (both e-voting and ballot) with 99% in favour of the total votes polled.

1. Adoption of Accounts

“RESOLVED that the Balance Sheet, Profit & Loss Statement for the year 2013-14 as audited and the Directors’ Report be and are hereby approved and adopted”

2. Appointment of Statutory Auditors and fixing their Remuneration

“RESOLVED that the Statutory Audit Fee for the financial year 2014-15 be and is hereby fixed at ₹ 3,00,000/- to M/s. B Thiagarajan & Co (Firm Regn. No.004371S), Statutory Auditors besides reimbursement of travelling and out of pocket expenses at actuals subject to other terms and conditions laid down by the C&AG in their letter No. CA. V/ COY/ CENTRAL GOVERNMENT, MFL(1)/66 dated 26.07.2012.” The Statutory Auditors shall hold office from the conclusion of this AGM till the conclusion of the next AGM”.

3. Appointment of Shri Rajiv Yadav (DIN 00322778), as Director

“RESOLVED THAT Shri Rajiv Yadav (DIN 00322778), IAS, be and is hereby appointed as Director of the Company”.

4. Appointment of Shri K M Gupta (DIN 06890585), as Director

“RESOLVED THAT Shri K M Gupta, IES be and is hereby appointed as Director of the Company”

5. Remuneration of the Cost Auditors

“RESOLVED THAT the pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the remuneration of Rs.75,000/- (Rupees seventy five thousand only) besides reimbursement of travelling and out of pocket expenses at actuals to be paid to Shri P R Tantri, Cost Auditor (Membership No.2403) for conducting the audit of cost records of the Company for the financial year ending March 31, 2015, as approved by the Board of Directors on the recommendations of the Audit Committee.”

The above results were also communicated to National Stock Exchange and NSDL / CSDL apart from hosting in the website of the Company to facilitate the members to know the results:

Date : 14.10.2014



CHAIRMAN